

## PROGRAM GUIDANCE

PG 11-01

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Issue Date: March 28, 2011

Expiration Date: Until Rescinded

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**TO:** Energy Program Contractors/Service Providers

**SUBJECT:** Working Capital Advance (WCA) Payment Policy and Contract Requirements

**PURPOSE:** To inform Contractors of forthcoming amended contract provisions regarding Working Capital Advance payments

**REFERENCES:** Code of Federal Regulations

- 10 CFR, Chapter 2, § 600.121
- 10 CFR, Chapter 2, § 600.122
- 10 CFR, Chapter 2, § 600.220
- 10 CFR, Chapter 2, § 600.221

CSD Program Guidance: ARRA DOE WAP No 15, Regular DOE no. 1, 2011 LIHEAP No. 1

**EFFECTIVE DATE OF GUIDANCE:** April 1, 2011

The purpose of this guidance is to transmit information regarding changes to the Working Capital Advance (WCA) provisions of energy contracts and corresponding policy, procedures and form, to Community Service and Development (CSD) Energy Program Service Providers. The changes specifies in this guidance and its attachments will be incorporated into the 2009 Department of Energy (DOE) Weatherization Assistance Program (WAP), American Recovery and Reinvestment Act (ARRA) DOE WAP, 2010 Low-Income Home Energy Assistance Program (LIHEAP), and 2011 LIHEAP contracts via formal contract amendment. CSD anticipates releasing the amendments to contractors within 45 days of the issuance of this Program Guidance.

### **Background**

To address findings as a result of reviews by Bureau of State Audits and the federal DOE, CSD had to immediately change its policy and process for issuing advances for its energy contracts. On January 4, 2011, CSD issued guidance to energy program providers on the new WCA process and accompanying form CSD 143 via Program Guidance (ARRA DOE WAP No. 15, DOE WAP No. 1, and 2011 LIHEAP No.2).

After the initial release of the policy, further refinements had to be made to the policy that ensures compliance with state and federal law and guidelines for issuing advances, while implementing a process that sufficiently meets the needs of the local energy program service providers. The

revised policy and accompanying form are attached to this guidance.

### **Policy**

CSD will issue a quarterly WCA upon approval of an agency's WCA request. The WCA for the quarter will be equal to 100% of the total projected expenditures for the entire quarter, except for LIHEAP and DOE WAP, the WCA for the quarter will be equal to 100% of the total projected expenditures for the entire quarter not to exceed 25% of the total contract amount.

The WCA is to be liquidated immediately, and will be reconciled at the end of the third month of each quarter. After issuance of a WCA, the balance will be offset by monthly expenditures reported in EARS.

### **Procedures**

The guidelines and procedures for requesting and processing a WCA request are outlined in the CSD Energy Programs Policy and Procedure document entitled "Working Capital Advance" attached to this Guidance and available on the CSD Energy Contractors' website.